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UNCLAS SECTION 01 OF 02 MAPUTO 000603

SIPDIS

STATE FOR AF/S - HTREGER, OES - JSTORY, EB

MCC FOR SGAULL

COMMERCE FOR INTERNATIONAL TRADE SPECIALIST RTELCHIN

PRETORIA FOR AG ATTACHE - SREYNOLDS AND RBICKFORD

GABORONE PLEASE PASS TO SOUTHERN AFRICA GLOBAL

COMPETITIVENESS HUB FOR AHILLIGAS

E.O. 12958: N/A

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SUBJECT: POTENTIAL AGOA SUCCESS FOR MOZAMBIQUE: 1200 TONS OF MOZAMBIKAN SHRIMP TO BE SOLD IN THE U.S. MARKET IN 2005

REF: MAPUTO 537

1. SUMMARY. Indian Ocean Aquaculture (IOA), a multinational-owned and managed shrimp aquaculture firm in Mozambique, estimates that it will export up to 1200 tons of frozen shrimp to the U.S. in 2005. U.S. buyers of Mozambican shrimp include retail chains Tasty Choice and Wal-Mart. With U.S. seafood companies in search of new seafood suppliers in today's post-tsunami world, Mozambique is well-positioned to increase its export of high-quality shrimp in the near to mid-term. END SUMMARY.

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BACKGROUND: THE RISE OF SHRIMP AQUACULTURE  
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2. Mozambique's second largest export (in dollar terms) behind aluminum is seafood, including fresh or frozen shrimp and lobster. A majority of seafood export is sent to EU countries, particularly Spain. Other markets include India, East Asia, and increasingly the U.S. Trawler fleets, artisanal fishermen, and more recently shrimp aquaculture pioneers supply domestic and international customers. Although trawler fishermen cannot yet supply the U.S. market because they have not been certified for their use of turtle exclusion devices (TED), artisanal sellers have been selling small quantities of frozen shrimp and lobster to buyers in the U.S. since 2002. (NOTE: The National Marine Fisheries Service plans to visit Mozambique in late 2005 to assess whether trawlers should be granted TED certification. END NOTE).

3. Recently, foreign investors have been investing heavily in shrimp aquaculture. Thanks to its long coastline (1600 miles) and suitable tropical climate, Mozambique has tremendous shrimp farming potential. Three shrimp aquaculture enterprises are now in operation - one (Chinese-owned) in the central port city Beira, a second (French-owned) further up the coast in Quelimane, and a third (largely German-owned) in the northern town of Pemba. The Pemba shrimp operation, Indian Ocean Aquaculture (IOA), consists of a shrimp hatchery, an expanse of prawn farms, and a refurbished textile factory converted into a processing plant. IOA began exporting frozen aquaculture shrimp to India, France, Japan and the U.S. in 2004. According to Marcos Moya, Managing Director of IOA, the company shipped 120 tons of shrimp to the U.S. last year. In 2005, he predicts, IOA will export ten times this amount, some 1,200 tons of shrimp, to the United States. IOA sells directly to Tasty Choice in New York and to a buyer in Texas, who then distributes to five Wal-Mart locations around the U.S.

4. Overall, Moya estimates IOA will supply nearly 6,000 tons of shrimp to the international market in 2005. Depending on their size, shrimp fetch anywhere from USD 2 to USD 4 per pound. Moya indicated that production is "good" and "growing" in Mozambique.

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INDIAN OCEAN AQUACULTURE (IOA)  
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5. IOA management consists of a multinational mix of investors, researchers, biologists, and aquaculture experts from Germany, the Philippines, the U.K., the U.S., Chile, Fiji, and several other countries. Seventy percent of IOA is German-owned. Two American investors are IOA board members. One of the Americans, IOA's marketing director, frequently visits Mozambique from his home in Gainesville, Florida. IOA has approximately 500 Mozambican employees, making it the largest employer in Pemba.

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AN AGOA SUCCESS STORY?  
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6. Comment: Mozambique has so far not taken advantage of AGOA, unlike some other countries in the region. Since AGOA's start in 2000, Mozambique has exported only a limited volume of garments (USD 2.2 million in 2004, for example), seafood, tobacco, cashew nuts, and other products. In 2004 all Mozambican exports to the U.S. amounted to only USD 10.8 million. If IOA's expectations are borne out, however,

Mozambique's AGOA exports should increase dramatically -- perhaps by five or six million dollars. Coincidentally, now is a great time for Mozambican shrimp to enter the world market. In today's post-tsunami world, U.S. seafood companies and their competition elsewhere are having difficulty meeting demand with product from traditional exporters in Southeast Asia, and so are eager to import shrimp from a new source such as Mozambique.

LA LIME